

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Annual Compliance Report, 2017

Docket No. ACR2017

CHAIRMAN'S INFORMATION REQUEST NO. 3
AND NOTICE OF FILING UNDER SEAL

(Issued January 12, 2018)

To clarify the basis of information provided by the Postal Service in its FY 2017 Annual Compliance Report (ACR), filed December 29, 2017,¹ the Postal Service is requested to provide written responses to the following questions. Answers should be provided to the individual questions as soon as they are developed, but no later than January 19, 2018.

Billing Determinants

1. Please refer to Library Reference USPS-FY17-4, December 29, 2017:
 - a. Please resubmit the Special Services Excel file "FY17 Special Services.xlsx" with embedded links to "1Q17 Special Services.xlsx," "2Q17 Special Services.xlsx," "3Q17 Special Services.xlsx," and "4Q17 Special Services.xlsx."
 - b. Please resubmit the USPS Marketing Mail Excel file "FY2017 USPS Marketing Mail BD – Public Final.xlsx" with embedded links to "1Q17 USPS Marketing Mail BD – Public Final.xlsx," "2Q17 USPS Marketing Mail BD – Public Final.xlsx," "3Q17 USPS Marketing Mail BD – Public Final.xlsx," and "4Q17 USPS Marketing Mail BD – Public Final.xlsx."

¹ United States Postal Service FY 2017 Annual Compliance Report, December 29, 2017 (FY 2017 ACR).

Marketing Mail

2. Please refer to the passthroughs for Automation Mixed AADC Letters and Automation Mixed ADC Flats, currently 1300 percent and 190 percent, respectively. FY 2017 ACR at 17, 19. The Postal Service states “because of the shrinking cost avoidance of basic IMb barcoding relative to the value of Full Service Intelligent Mail, [it] may conduct a fundamental reevaluation of its barcoding strategies.” *Id.* at 17.
 - a. Please provide a plan to phase out these excessive passthroughs for Automation Mixed AADC Letters and Automation Mixed ADC Flats.
 - b. Please provide a narrative that discusses the potential “fundamental reevaluation of its barcoding strategies.” *Id.* The narrative should include a timeline of when the reevaluation will begin and when the reevaluation will be complete. In addition, please provide potential barcoding strategies that are being considered.

Inbound Registered Mail

3. Please refer to Library Reference USPS-FY17-NP2, December 29, 2017, folder “ICRA Core Files,” Excel file “Reports (Unified).xls,” tab “A Pages (md)” and Docket No. ACR2016, Library Reference PRC–LR–ACR2016–NP2, March 28, 2017, Excel file “PRC–LR–ACR2016–NP2 UNIFIED ICRA.xlsx,” tab “ACR2016 Intl SpecServ Products.” Please identify and discuss the factors that contributed to the decrease in unit revenue and the increase in unit cost for Inbound Registered Mail from FY 2016 to FY 2017.
4. The Postal Service reported that Inbound Registered Mail did not cover its cost. FY 2017 ACR at 44. Please provide the total number of In-Office Cost System (IOCS) tallies, the coefficient of variation for the IOCS-based cost estimate, and the 95 percent confidence interval for the cost coverage of Inbound Registered Mail.

System for International Revenues and Volumes/Inbound (SIRV/I)

5. Please see Attachment, filed under seal.
6. Please refer to Library Reference USPS–FY17–NP2, folder “Supporting Files,” subfolder “FPS Inbound Data,” Excel file “FPS_Inbound_Inputs.xlsx” tab “ALC.” Please confirm that the shape-based volume, revenue, and weight data in the above spreadsheet came directly or indirectly from SIRV/I. If not confirmed, please identify the source of these data and where SIRV/I data are reported in the FY 2017 ACR.

Outbound International Insurance

7. The Postal Service reported that Outbound International Insurance did not cover its cost. FY 2017 ACR at 71. Please provide the total number of IOCS tallies, the coefficient of variation for the IOCS-based cost estimate, and the 95 percent confidence interval for the cost coverage of Outbound International Insurance.

Priority Mail International (Non-Public)

8. Please refer to Library Reference USPS–FY17–NP4, December 29, 2017, folder “Programs,” Excel file “CRA.DIM.FY17.xlsm,” tab “ICRAMailClasses.”
 - a. Please confirm that ICRA mail class number 103 (PMI-Envelopes) was consolidated into ICRA mail classes 104 and 53 (PMI Canada and PMI Rest of World). If confirmed, please also confirm that this change was made in conformance with Order No. 3250.²
 - b. If not confirmed, please identify where ICRA mail class 103 is reported and please explain the rationale for this change.

² Docket No. MC2016-118, Order Approving Changes to the Mail Classification Schedule Related to Priority Mail international Flat Rate Envelopes and Priority Mail International Small Flat Rate Boxes, April 19, 2016 (Order No. 3250).

GEPS – NPR (Non-Public)

- 9. Please see Attachment, filed under seal.
- 10. Please see Attachment, filed under seal.

Competitive Domestic Negotiated Service Agreements (NSAs) (Non-Public)

- 11. Please see Attachment, filed under seal.
- 12. Please see Attachment, filed under seal.
- 13. Please see Attachment, filed under seal.
- 14. Please see Attachment, filed under seal.
- 15. Please see Attachment, filed under seal.

By the Chairman.

Robert G. Taub